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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Before the  
Federal Communications Commission  
Washington, D.C. 20554

In the Matter of:

Interconnection Between  
Local Exchange Carriers  
and Commercial Mobile Radio  
Service Providers

CC Docket No. 95-185

Equal Access and Interconnection  
Obligations Pertaining to  
Commercial Mobile Radio  
Service Providers

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CC Docket No. 94-54

**REPLY COMMENTS OF ALLTEL CORPORATION**

ALLTEL Corporation<sup>1</sup> ("ALLTEL") hereby submits its reply comments in the above-referenced matter.<sup>2</sup> For the same reasons set forth in its comments, ALLTEL continues to believe that the imposition by the Commission of a bill and keep regimen governing LEC/CMS interconnection, whether interim or not, would at this time be ill-advised. Not only would a bill and keep mandate deprive LECs of the recovery of legitimate costs associated with interconnection, it would, as well, precipitate an unfortunate jurisdictional controversy far too

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<sup>1</sup> As noted in its comments filed in this proceeding, ALLTEL Corporation is a publicly held holding corporation with diverse communications interests including both independent wireline and wireless subsidiaries.

<sup>2</sup> The filing date for reply comments in CC Docket No. 95-185 was extended to March 25, 1996 by Order and Supplemental Notice of Proposed Rulemaking, FCC 96-61 (Released February 16, 1996.)

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LIST A B C D E

early in the life of the Telecommunications Act of 1996. ALLTEL, not unlike other parties<sup>3</sup> concludes that, in the new competitive environment, the best interim solution is to afford LECs both the flexibility to negotiate fair, cost-based interconnection agreements with CMS providers and the opportunity for good faith compliance with the obligations imposed under the 1996 Act.

I. The Basis of the Commission's Bill and Keep Proposal Remains Fundamentally Flawed-- The Negotiation Process Works.

The Commission noted in the NPRM that CMS carriers have had difficulty in negotiating satisfactory agreements under the Commission's current mutual compensation policy for LEC/CMS interconnection. While some parties shared the Commission's view, the experience of other parties<sup>4</sup> is instructive because it demonstrates that interconnection agreements may be satisfactorily negotiated for CMS systems located outside the region in which a carrier provides land line service, and in which they are without the substantial market power traditionally attributed to LECs by the CMS industry. Indeed, as noted by USTA, many of the parties advocating bill and keep, have both substantial financial resources and traffic levels sufficient to successfully negotiate interconnection.<sup>5</sup> These experiences and the absence of high profile complaints before the Commission respecting interconnection (despite the CMS industry's often stated belief that the Commission has plenary authority over CMS) strongly suggest that bill and

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<sup>3</sup> See generally the comments of Bell Atlantic Nynex Mobile, Inc.

<sup>4</sup> See generally the comments of SBC Communications, Inc.

<sup>5</sup> See USTA comments at page 6.

keep is, at this time, a solution in search of a problem.<sup>6</sup>

**II. In the Absence of Mandated CMS to CMS Interconnection, LEC Costs for Terminating CMS Traffic Should be Recovered.**

ALLTEL concurs with USTA and other parties that below-cost termination under a bill and keep regimen provides a disincentive to carriers to construct alternative facilities and seek the most efficient forms of interconnection. The Commission's proposal would permit a particular class of carrier to avoid new investment in alternative facilities and simply take advantage of the capital costs incurred by other carriers. In earlier comments in CC Docket No. 94-54, including those of ALLTEL, many wireless carriers objected to any form of mandated CMS to CMS interconnection. ALLTEL argued that until justified by appropriate levels of CMS to CMS traffic, the wireline network should serve as the backbone network of wireless carriers. But under bill and keep, the costs associated with interconnection would not be recovered. The manifestly unfair result of bill and keep, therefore, is to position the LEC to serve as the carrier's backbone network without payment of a portion of the costs associated with rendering that service.

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<sup>6</sup> See generally the comments of USTA.

**III. The Commission Should Not Precipitate a Jurisdictional Controversy This Early in the Life of the 1996 Act. Rather, the Commission Must Focus on the Task of Implementing the 1996 Act in the Appropriate Sequence.**

The extent of the Commission's jurisdiction over CMS and related LEC interconnection agreements under both the 1993 Omnibus Budget Reconciliation Act and the Telecommunications Act of 1996 is, to state the obvious, hotly debated by the parties. Despite its admiration of both the skill and athleticism with which various advocates of bill and keep have presented their preemption arguments, ALLTEL concludes that CMS/LEC interconnection arrangements are subject to the provisions and process detailed in Sections 251 and 252 of the 1996 Act.

In support of its position, ALLTEL need not reiterate here the arguments so well made by others.<sup>7</sup> Rather, ALLTEL agrees with parties<sup>8</sup> who advocate a deferral of the instant proceeding in order to both permit agreements to be reformed in accordance with the interconnection obligations newly imposed on incumbent LECs by the 1996 Act and to permit the instant proceeding to be consolidated into a larger one considering across the board interconnection reform. Rather than unilaterally mandating bill and keep at this time, the Commission must focus on the broader reforms implicated by the 1996 Act, including interconnection charges, access charge structure, LEC rate rebalancing and universal service mechanisms. Interconnection agreements may be negotiated under the authority of the states in accordance with Section 252 of

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<sup>7</sup> In this connection, see the comments of USTA, SBC Communications, Inc., GTE Service Corporation, and Cincinnati Bell.

<sup>8</sup> See comments of Frontier Corporation, Bell Atlantic Nynex Mobile, Inc., U.S. West and SBC Communications, Inc.

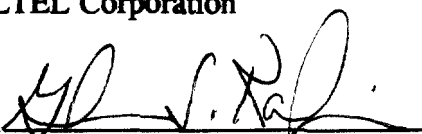
the Act during the pendency of these proceedings.

Unlike those parties urging the Commission to extend its jurisdictional reach and mandate bill and keep, ALLTEL believes that the Section 252 process provides CMS carriers with ample protection against real or alleged LEC abuse of market power. The Commission itself noted that many states have already implemented a bill and keep regimen. Further, and in the wake of the 1996 Act, deferral of the instant proceeding would not leave CMS providers unprotected and subject to the whims of the local LEC. To the contrary, under the Section 252 process, CMS carriers unsatisfied with a LEC's interconnection offer may have the matter submitted to the state for arbitration.

Ultimately, ALLTEL believes that LECs should have the opportunity to shoulder in good faith those obligations placed on them by the 1996 Act before a bill and keep mandate can be justified. Many LECs, both large and small, favor the move to cost-based interconnection rates devoid of implicit subsidies. The Commission must remain focused on the complexities of implementing the 1996 Act and the transition to a "minute paid for a minute used" environment--the benefit of which will flow to all interconnecting carriers including CMS providers. Rather than engaging in dubious attempts to foster local exchange competition on the backs of LECs through below-cost termination, the Commission should first provide LECs, and particularly

independent LECs, with the regulatory flexibility needed rebalance rates and recover costs from all network interconnectors in a fair and equitable manner.

Respectfully submitted,  
ALLTEL Corporation

By: 

Glenn S. Rabin  
Federal Regulatory Counsel  
ALLTEL Corporate Services, Inc.

ALLTEL Corporate Services, Inc.  
655 15th Street, N.W.  
Suite 220  
Washington, D.C. 20005  
March 25, 1996

### **CERTIFICATE OF SERVICE**

I, Sondra Spottswood, a secretary in the Office of ALLTEL Corporate Services Inc.  
hereby certify that I have this 25th day of March, 1996 placed a copy of the foregoing "Reply  
Comments of ALLTEL Corporation" in the United States mail, postage prepaid, addressed to the  
following:

David R. Poe  
LeBOUEF, LAMB, GREENE & MacRAE, LLP  
1875 Connecticut Avenue, N.W.  
Washington, DC 20009-5728  
Counsel for Time Warner  
Communications Holdings, Inc.

James F. Rogers/Steven H. Schulman  
LATHAM & WATKINS  
1001 Pennsylvania Avenue, N.W.  
Suite 1300  
Washington, DC 20004  
Attorneys for Vanguard Cellular Systems, Inc.

Charles H. Helein, General Counsel  
America's Carrier's Telecommunications Association  
Helein & Associates  
8180 Greensboro Drive  
Suite 700  
McLean, Virginia 22102

Mark J. Golden, Vice President-- Industry Affairs  
Robert R. Cohen,  
Personal Communications Industry Association  
500 Montgomery Street, Suite 700  
Alexandria, Virginia 22314-1561

Judith St. Ledger-Roty, Jonathan E. Canis, Paul G.  
Madison - REED SMITH SHAW & McCLAY  
1301 K Street, N.W.  
Suite 1100 - East Tower  
Washington, DC 20005  
Counsel for Paging Network, Inc.

Jay L. Birnbaum  
Jeff A. Brueggeman  
Skadden, Arps, Slate, Meagher & Flom  
1440 New York Avenue, N.W.  
Washington, DC 20005  
Attorneys for New Par

John T. Scott, III  
NYNEX Mobile, Inc.  
CROWELL & MORING  
1001 Pennsylvania Avenue, N.W.  
Washington, DC 20004-2595  
Attorney for Bell Atlantic NYNEX Mobile, Inc.

Lewis J. Paper  
David B. Jeppsen  
DICKSTEIN, SHAPIRO, & MORIN, L.L.P.  
2101 L Street, N.W.  
Washington, DC 20037-1526  
Attorneys for Cellular Resellers Association, Inc.

Michael J. Ettner, Senior Assistant General Counsel  
GENERAL SERVICES ADMINISTRATION  
18th & F Streets, N.W., Room 402  
Washington, DC 20405

Richard P. Thayer  
James A. Sanborn  
Union Telephone Company  
13 Central Street  
PO Box 577  
Farmington, NH 03835

David L. Hill  
Audrey P. Rasmussen  
O'Connor & Hannan, L.L.P.  
1919 Pennsylvania Avenue, N.W., Suite 800  
Washington, D.C. 20006-3483  
Counsel to Florida Cellular RSA Limited Partnership

Scott K. Morris  
Cathleen Massey  
AT&T Wireless Services, Inc.  
1150 Connecticut Avenue, N.W.  
4th Floor  
Washington, DC 20036

Richard Rubin  
Stein N. Teplitz  
Fleischman and Walsh, L.L.P.  
1400 16th Street, Suite 600  
Washington, D.C. 20036  
Counsel for Centennial Cellular Corporation

Frederick M. Joyce & Amy Brett  
Joyce & Jacobs, Attys at Law, LLP  
1019 19th Street, N.W.  
14th Floor, PH-2  
Washington, DC 20036  
Counsel for Celpage Inc.

Michael R. Bennet & Caressa D. Bennett  
Bennet & Bennet  
1831 Ontario Place, NW, Suite 200  
Washington, DC 20009  
Counsel for Cellular-Moblie Systems of St. Cloud  
General Partnership

Susan W. Smith  
Director, External Affairs  
Century Cellunet, Inc.  
3050 Summerhill, #4  
Texarkana, TX 75501

Cheryl A. Tritt  
Morrison & Foerster, LLP  
2000 Pennsylvania Avenue, N.W.  
Suite 5500  
Washington, DC 20006  
Counsel to ICO Global Communications

David M. Wilson, Esq.  
Young, Vogl, Harlick, Wilson, & Simpson, LLP  
425 California Street, Suite 2500  
San Francisco, California 94104  
Counsel for the Allied Personnal Communications  
Industry Association of California and Weslink Company

Steven Sivitz  
PCS Business Development  
9645 Scranton Rd..  
San Diego, CA 92121

Elizabeth R. Sachs, Esq.  
David L Nace, Esq.  
Lukas, McGowan, Nace & Gutierrez  
1111 19th Street, N.W., Suite 1200  
Washington, DC 20036  
Counsel for American Mobile Telecom. Assoc., Inc.

Richard S. Myers  
Myers Keller Communications Law Group  
1030 15th Street, N.W.  
Suite 908  
Washington, DC 20005  
Counsel for SE Telephone Limited Partnership, LTD.

David H. Pawlick & Jay Birnbaum  
Skadden, Arps, Slate, Meagher & Flom  
1440 New York Avenue, N. W.  
Washington, DC 20005  
Counsel for Cellular Communications of Puerto Rico,  
Inc.

John Staurulakis, Inc.  
6315 Seabrook Road  
Seabrook, MD 20706

Gene DeJordy, Esquire  
Western Wireless Corporation  
330 120th Ave., N.E. - Suite 200  
Bellevue, WA 98005



J. Manning Lee  
Vice President, Regulatory Affairs  
Teleport Communications Group, Inc.  
Two Teleport Drive, Suite 300  
Staten Island, N.Y. 10311

Richard D. Adams  
President, Rural Cellular Association  
2120 L Street, N.W.  
Suite 520  
Washington, DC 20037

Mark J. Tauber & Mark J. O'Connor  
Piper & Marbury, LLP  
1200 19th Street, N.W.  
Seventh Floor  
Washington, DC 20036  
Counsel to Omnipoint Corporation

Rural Cellular Corporation  
PO Box 1027  
2819 Highway 29 South  
Alexandria, MN 56308

David A. Gross  
Kathleen Q. Abernathy  
AirTouch Communications, Inc.  
1818 N Street, N.W.  
Suite 800  
Washington, DC 20036

Larry A. Blosser  
Donald J. Elardo  
MCI  
1801 Pennsylvania Avenue, NW  
Washington, DC 20006

Jeffrey S. Linder  
Wiley, Rein & Fielding  
1776 K Street, NW  
Washington, DC 20006

David L. Nace & Thomas Gutierrez  
Lukas, McGowan, Nace & Gutierrez, Chtd.  
Suite 1200  
1111 Nineteenth Street, N.W.  
Washington, DC 20036  
Counsel to CMT Partners and Alliance of Wireless S.P.

Laura H. Philips  
Dow, Lohnes & Albertson  
1200 New Hampshire Avenue, NW, Suite 800  
Washington, DC 20036-6802  
Counsel to Comcast Corporation and Cox Enterprises, Inc.

Christine M. Crowe & Carl W. Northrop  
Bryan Cave LLP  
700 Thirteenth Street, N.W.  
Suite 700  
Washington, DC 20005-3960  
Counsel to Arch Communications Group, Inc.

Leon M. Kestenbaum  
Jay C. Keithley  
H. Richard Juhnke  
Sprint Corporation  
1850 M Street, N.W.  
Washington, DC 20036

Michael Mowery  
Pamela Riley  
AirTouch Communications, Inc.  
One California Street  
San Francisco, CA 94105

Catherine R. Sloan, Richard Fructerman  
Richard S. Whitt  
WORLDCOM, INC.  
LDDS WorldCom  
1120 Connecticut Avenue, NW - Suite 400  
Washington, DC 20036

Mickey Sims  
General Manager and CEO  
Poka Lambro Telephone Cooperative, Inc.  
P O Box 1340  
Tahoka, TX 79373-1340

**James A Crary**  
Senior Attorney  
Anchorage Telephone Utility  
600 Telephone Avenue  
Anchorage, AK 99503

**Lisa Zaina**  
General Counsel  
OPASTO  
21 Dupont Circle, NW  
Washington, DC 20036

**Genevieve Morelli**  
The Competitive Telecommunications Association  
1140 Connecticut Avenue, N.W. Suite 220  
Washington, DC 20036

**Mary McDermott**  
**Linda Kent**  
**Charles D. Cosson**  
USTA  
1401 H Street, NW, Suite 600  
Washington, DC 20005

**Jeffrey S. Bork**  
**Robert B. McKenna**  
US West, Inc.  
1020 19th Street, N.W, Suite 700  
Washington, DC 20036

**Joe D. Edge**  
**Mark F. Dever**  
Drinker Biddle & Reath  
901 Fifteenth Street, N. W.  
Washington, DC 20005  
Counsel to the Puerto Rico Telephone Company

**Frank Michael Panek**  
Ameritech  
Room 4H84  
2000 West Ameritech Center Drive  
Hoffman Estates, IL 60196-1025

**Laura C. Mow, Charles C. Hunter**  
**Terry F. Berman**  
Hunter & Mow, P.C.  
1620 I Street, N.W., Suite 701  
Washington, DC 20006  
Counsel to Telecommunications Resellers Association

**David Cosson**  
**L. Marie Guillroy**  
**Steven Watkins**  
NTCA  
2626 Pennsylvania Ave., N.W.  
Washington, DC 20037

**William D. Baskett III, Thomas Taylor, David S. Bence**  
Frost & Jacobs  
2500 PNC Center  
201 East Fifth Street  
Cincinnati, Ohio 45201-5715  
Counsel to the Cincinnati Bell Telephone Company

**Jonathan M. Chambers**  
Vice President of Public Affairs  
Sprint Spectrum. L.P.  
1801 K Street, N.W., Suite M-112  
Washington, DC 20036

**Margaret E. Garber**  
Pacific Bell  
1275 Pennsylvania Ave., N.W.  
Washington, DC 20004

**Kevin C. Gallagher**  
360 Communications Company  
8725 Higgins Road  
Chicago, IL 60631

**James G. Pachulski**  
Bell Atlantic Telephone  
1320 North Court House Road  
Eighth Floor  
Arlington, Virginia 22201

**David G. Richards**  
**Charles F. Featherstun**  
**BellSouth**  
1133 21st Street, N.W.  
Washington, DC 20036

**Barry R. Rubens**  
**Senior Vice President**  
**Concord Telephone**  
68 Cabarrus Avenue East  
Concord, NC 28026-0227

**Gail L. Polivy**  
**Andre J. Lachance**  
**GTE**  
1850 M Street, N.W.  
Suite 1200  
Washington, DC 20036

**Paul Rogers, Charles D. Gray**  
**James Bradford Ramsay**  
**NARUC**  
1102 ICC Building  
PO Box 684  
Washington, DC 20044

**Steven T. Nourse, Assistant Attorney General**  
**Public Utilities Section**  
180 East Broad Street  
Columbus, OH 43215-3783

**Reginald J. Smith, Chairperson**  
**Connecticut Department of Public Utility Control**  
**One Central Park Plaza**  
New Britain, CT 06051

**Durward D. Dupre, Darryl Howard**  
**Mary W. Marks**  
**SBC Communications, Inc.**  
**One Bell Center**  
**Room 3558**  
Saint Louis, MO 63101

**Donald C. Rowe**  
**Saul Fisher**  
**NYNEX**  
1111 Westchester Avenue  
White Plains, NY 10604

**Michael J. Shortley, III**  
**Frontier Corporation**  
180 South Clinton Avenue  
Rochester, New York 14646

**Peter Arth, Jr.**  
505 Van Ness Avenue  
San Francisco, CA 94102  
Counsel for the People of California and the Public  
Utilities Commission of the State of California

**Maureen O. Helmer,**  
**General Counsel**  
**NYSDPS**  
Three Empire State Plaza  
Albany, NY 12223-1350

**Richard A. Askoff**  
**NECA**  
100 South Jefferson Road  
Whippany, New Jersey 07981

**James D. Ellis**  
**SBC Communications, Inc.**  
175 E. Houston  
Room 1254  
San Antonio, Texas 78205

**Bruce Beard**  
**SBC Communications, Inc.**  
17330 Preston Road  
Suite 100A  
Dallas, TX 75252

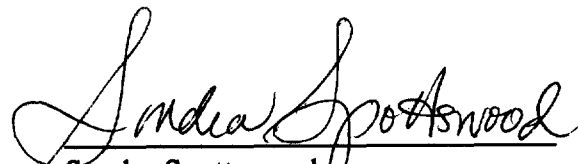
Anne Schelle  
Vice President, External Affairs  
American Personal Communications  
6901 Rockledge Drive, Suite 600  
Bethesda, MD 20817

John F. Tharp  
The Illinois Telephone Association  
P.O. Box 730  
300 East Monroe Street  
Springfield, Illinois 62705

Jeanne M. Walsh  
Kurtis & Associates, P.C.  
2000 M Street, N.W., Suite 600  
Washington, DC 20036  
Counsel for North Carolina 4  
Cellular Limited Partnership

John Hearne, Chairman  
100 Wilshire Boulevard, Suite 1000  
Santa Monica, California 90401  
Point Communications Company

Richard L. Oberdorfer  
c/o Halley, Bader & Potts  
Suite 900  
4350 North Fairfax Drive  
Arlington, VA 22203-1633  
Counsel for Western Radio Services Co., Inc.

  
Sondra Spottswood